



Goodwin's Weekly

"A Thinking Paper for Thinking People"

MORE LIGHT ON THE MERCHANTS BANK FAILURE.

SLOWLY the inside facts of the events that led to the failure of the Merchants Bank are coming to light and as the investigation proceeds more will no doubt be learned that will go to show that those who were expected to protect the depositors were busy taking measures to protect themselves.

In February, 1914, an agreement was entered into between John Pingree, S. W. Morrison, O. K. Lewis, Solon Spiro, M. S. Browning, L. R. Eccles, H. C. Edwards, Chas. E. Kaiser, C. P. Overfield, R. P. Morris, John Watson and F. A. Sweet whereby these individuals agreed to protect the Salt Lake Clearing House Association from any loss on any drafts, checks, etc. of the Merchants Bank.

On July 8, 1918, the same parties through their attorney served notice on the Salt Lake Clearing House Association terminating the agreement. The following is the agreement and the letter giving notice of termination:

THE SALT LAKE CLEARING HOUSE ASSOCIATION, SALT LAKE CITY, UTAH.

A meeting of the Salt Lake Clearing House Association was duly called and held in the directors' room of Walker Brothers Bankers, on February 4, 1914, at 4 p. m.

There were present: (1) Deseret National Bank, Mr. Cutler; (2) Walker Brothers Bank, Mr. Howard; (3) McCornick & Company Bankers, Mr. Whitney; (4) Continental National Bank, Mr. Boyer; (5) Utah State National Bank, Mr. Badger; (6) National Bank of the Republic, Mr. Earls; (7) Utah Savings & Trust Co., Mr. Cook. On motion Mr. Boyer was elected president pro tempore. The minutes of the previous meeting held on January 29 were read and approved.

The following report was made by Mr. Boyer of the committee appointed on January 29 to call on the directors of the Merchants Bank:

To the Salt Lake Clearing House Association and to the members thereof, to-wit: Deseret National Bank, Walker Brothers Bankers, McCornick & Company, Bankers, Continental National Bank, Utah State National Bank, National Bank of the Republic, and Utah Savings & Trust Company:

We, the undersigned, directors and stockholders of the Merchants Bank, a Utah corporation, hereby pledge to it our financial and moral support, as follows:

WHEREAS, said Merchants Bank is a member of said association and as such has been making settlement through said association of the balances resulting from daily exchanges with the other members of said association and desires to continue to do so, and

WHEREAS, we are advised, and the fact is that the other members will refuse said bank the privilege of said association, (the right to do so having accrued under the provisions of Section 4, Article X of the Constitution of said association) without and unless they, and each of them, are secured as hereinafter set forth;

NOW THEREFORE, in consideration of the premises and in further consideration of said members continuing to honor drafts, checks and other items, (as is usual) drawn on said Merchants Bank, we, the undersigned, do hereby jointly and severally undertake and agree with each and every member of said association that said Merchants Bank will promptly make satisfaction settlement with each and every of said members of said association for all daily balances that may

become due and owing by said Merchants Bank to each of said members of said association respectively with said Merchants Bank, and we, the undersigned, do hereby further both jointly and severally undertake and agree that we will hold each of said members of said association respectively harmless from all loss or damage that may arise through the failure of said Merchants Bank to immediately pay to each of said members of said association any balance or balances that may become due by said Merchants Bank to them or either of them by reason of said daily exchanges through said association.

This guaranty and undertaking, however, shall not apply to any balances that may become due to any member of said association by said Merchants Bank by reason of any checks, drafts or other orders for the payment of money drawn upon said Merchants Bank, by the state of Utah or the treasurer of the state, or by reason of any warrants issued by said state of Utah, or its treasurer, or other officers, and presented by any member of said association to said Merchants Bank for redemption, purchase, or for any other purpose; and it is further understood that the liability of the undersigned under the foregoing instrument shall continue only until such time as any one of said undersigned may give notice in writing to the secretary or in his absence from Salt Lake City, Utah, to any member of the executive committee of said association terminating his further liability under the provisions of said foregoing instrument, and that upon the giving of any such notice by any one of the undersigned, this instrument shall be terminated at the expiration of the same banking day upon which said notice is served as above provided, and thereafter all liability except as to items therefore cashed by said banks shall cease and terminate and be of no further force and effect.

The delivery of this guaranty to the secretary of said association shall be deemed to be a delivery of the same to each of said banks and thereupon its provisions shall accrue to the use and benefit of each of said banks and each of said banks may sue thereunder in its own name.

IN WITNESS WHEREOF we have hereunto subscribed our names this third day of February, A. D. 1914.

Signed: H. C. Edwards, Chas. E. Kaiser, C. P. Overfield, R. P. Morris, John Watson, F. A. Sweet, John Pingree, S. W. Morrison, O. K. Lewis, Solon Spiro, M. S. Browning, L. R. Eccles.

To the Salt Lake Clearing House Association, Salt Lake City, and to said agreement and relieve the undersigned of all future and further W. W. Armstrong, its President, and E. A. Culbertson, its Secretary:

You and each of you, as well as the members of said association, will please take notice that a certain agreement made and entered into on the 3rd day of February, 1914, by John Pingree, S. W. Morrison, O. K. Lewis, Solon Spiro, M. S. Browning, L. R. Eccles, H. C. Edwards, Chas. E. Kaiser, C. P. Overfield, R. P. Morris, John Watson, and F. A. Sweet, under and by the terms of which they jointly and severally agreed to protect the Salt Lake Clearing House Association for clearances of the Merchants Bank of Salt Lake City, until further notice in accordance with said agreement, which is hereby referred to and made a part hereof, for the purposes of this notice, is hereby abrogated by the undersigned, and he hereby, under the terms of said agreement, terminates any further liability under the provisions of said agreement, but without waiving notice heretofore served as of date July 6, 1918.

It being intended hereby to fully and in all respects terminate